



BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

**DOCKETED**

NOV 10 2003

MARC SPITZER, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
MIKE GLEASON  
KRISTIN K. MAYES

DOCKETED BY

HR

IN THE MATTER OF THE APPLICATION OF  
MIDVALE TELEPHONE EXCHANGE, INC. FOR  
AUTHORIZATION TO PROVIDE FACILITIES-  
BASED BASIC LOCAL EXCHANGE SERVICE  
AND TOLL ACCESS TELEPHONE SERVICE TO  
CURRENTLY UNSERVED RESIDENTIAL  
DEVELOPMENTS KNOWN AS CROSSROADS  
RANCH, POQUITO VALLEY AND BREEZY  
PINE.

DOCKET NO. T-02532A-03-0017

DECISION NO. 66510

**OPINION AND ORDER**

DATE OF HEARING:

August 20, 2003

PLACE OF HEARING:

Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE:

Philip J. Dion III

APPEARANCES:

Conley Ward, GIVENS PURSLEY, LL.P and Ann R.  
Hobart, BROWN & BAIN, P.A., for Midvale Telephone  
Exchange;

John Hayes, General Manager, on behalf of Table Top  
Telephone Company; and

Gary Horton, Staff Attorney, Legal Division, on behalf  
of the Utilities Division of the Arizona Corporation  
Commission.

**BY THE COMMISSION:**

On January 10, 2003, Midvale Telephone Exchange, Inc. ("Midvale" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for an extension of its existing Certificate of Convenience and Necessity ("Certificate" or "CC&N") to provide local telephone service in Yavapai County, Arizona. On April 15, 2003, Midvale amended its application to include a request to provide Extended Area Service ("EAS") between Midvale's Millsite Exchange and Qwest Corporation's ("Qwest") Prescott Exchange. Midvale also requested that the Commission approve EAS between its Millsite Exchange and Table Top Telephone Company's ("Table Top") Inscription Canyon Ranch Exchange.

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

**FINDINGS OF FACT**

1. Midvale is an Idaho corporation that provides local telephone exchange service to approximately nine hundred thirty-five customers in five exchanges in Arizona.

2. On January 10, 2003, Midvale filed with the Commission an application to extend its existing Certificate to provide local telephone service in Yavapai County, Arizona, herein attached as Exhibit A, and later amended its application to request two-way EAS service with Qwest, and Table Top.

3. By Procedural Order dated May 29, 2003, a hearing was set for August 20, 2003 in Phoenix, Arizona.

4. On August 1, 2003, Staff filed its Staff Report recommending approval of the CC&N extension and Midvale's request for two-way EAS, subject to some conditions.

5. By Procedural Order dated August 13, 2003, Qwest and Table Top were granted intervention.

6. On August 13, 2003, Qwest filed comments regarding the Staff Report in this matter.

7. On August 20, 2003, the hearing was held as scheduled before a duly authorized Administrative Law Judge of the Commission. Staff and Midvale appeared with the assistance of counsel. Table Top appeared without the assistance of counsel. Qwest did not appear. During the hearing, testimony was taken and exhibits were entered into the record. At the conclusion of the hearing, the matter was taken under advisement.

**CC&N Extension**

8. In the subject application, Midvale proposed to add two non-contiguous areas ("New Service Area") to its Millsite Exchange. The larger of the two areas comprises forty-four sections of land and is located northwest of Qwest's Prescott Exchange and west of Qwest's Chino Valley Exchange. A portion of that area is also adjacent to Table Top's Inscription Canyon Ranch Exchange. The smaller of the two areas comprises three sections of land and is located adjacent to

**66510**

1 the northeast corner of Qwest's Prescott Exchange.<sup>1</sup>

2 9. Midvale seeks approval for an extension of its Certificate to serve the unserved  
3 residential developments known as Crossroads Ranch, Poquito Valley and Breezy Pine located near  
4 Prescott, Yavapai County, Arizona.

5 10. In its application, Midvale stated the extension area would become part of Midvale's  
6 Millsite Exchange, and that Midvale anticipates serving approximately 239 customers in the New Service  
7 Area by the end of 2008.

8 11. Midvale plans to provide basic local exchange service to customers in the New  
9 Service Area by utilizing a combination of: (1) copper distribution cable; (2) digital loop carrier  
10 ("DLCs") systems; (3) fiber optic cable; and (4) digital microwave radio. The copper distribution  
11 plant will be capable of supporting broadband data services, such as DSL, should the company  
12 determine that there is sufficient demand and it is economically feasible. The fiber optic cable and  
13 microwave systems will provide the transport from the DLCs back to their host switch located in the  
14 Millsite Exchange.

15 12. Midvale estimates that the cost of the new facilities necessary to adequately serve the  
16 New Service Area will be approximately \$1.9 million.

17 13. Karen Williams, an assistant manager with Midvale, testified that the most probable  
18 sources of funding for this project are the Rural Utility Service Program ("RUS") or the Rural  
19 Telephone Finance Co-op ("RTFC").

20 14. Staff stated that Midvale's proposed transport should be capable of supporting voice  
21 grade services and any data services that Millsite may offer its customers. Staff also stated that the  
22 Millsite Exchange has sufficient resources available to meet the requirements of the New Service Area.

23 15. Staff stated it has reviewed the proposed network design and believes that it is  
24 consistent with engineering practices currently utilized by local exchange carriers. Further, Staff said  
25 the estimated costs are within a range of reasonableness for the architecture being deployed.

26  
27  
28 <sup>1</sup> One of these sections in the area, T-15-N, R-1-W, Section 11, is the subject of a complaint proceeding in Docket No. T-01051B-02-0535, et al.

1        16. Staff stated it believes that Midvale is technically and financially able to provide  
2 telephone service to the customers located within the New Service Area. Staff recommended that  
3 Midvale's application to extend its Certificate be approved, and that Midvale be authorized to charge  
4 its existing rates and charges for its Millsite Exchange within the New Service Area.

5        17. Staff further recommended that:

6            (a) the New Service Area be added to Midvale's Millsite Exchange;

7            (b) approval of Midvale's CC&N expansion be conditioned upon Midvale filing an update  
8 to its franchise with Yavapai County, which includes the extension area, within  
9 365 days of the effective date of this Decision;

10           (c) approval of Midvale's CC&N be conditioned upon Midvale's filing a certification  
11 that it has obtained all of the required tower and right-of-way permits with the Director  
12 of the Commission's Utilities Division, within 365 days of the effective date of a  
13 Decision;

14           (d) if an order is issued in Docket No. T-01051B-02-0535, et al. prior to the  
15 Commission reaching a decision regarding Midvale's CC&N extension, it be made  
16 a part of the record in this matter; and

17           (e) if Midvale's CC&N extension is granted and includes T-15-N, R-1-W, Section 11,  
18 upon discontinuation of Qwest service at a service address in that Section or upon  
19 a change of ownership of the property, any future service at the address be  
20 provided by Midvale.

21        18. Qwest supports Staff's recommendation to grant Midvale certification to provide  
22 facility-based local exchange service as an incumbent local exchange carrier ("ILEC") to the areas  
23 identified in Midvale's application.

24        19. In Qwest's August 13, 2003 filing, Qwest proposed an alternative option for the  
25 transfer of existing Qwest customers in Section 11 to Midvale, if Midvale's application is approved  
26 and if Qwest is not ordered to provide service to Section 11 in Docket No. T-01051B-02-0535, et al.  
27 Qwest proposes providing remote call forwarding for one year at no charge to those customers  
28 currently receiving Qwest's service in Section 11, once Midvale begins providing service in that area.

1 There are currently three customers located in Section 11, specifically the residents living at 10055 N.  
 2 Poquito Valley Road, 10195 N. Poquito Valley Road and 10150 N. Poquito Valley Road in Prescott  
 3 Valley, Arizona. Qwest proposes that these current Qwest customers receive a new phone number  
 4 from Midvale, but that they have the opportunity to utilize Qwest's designated phone number via remote  
 5 call forwarding for an entire year while the customers transition to a Midvale number and related  
 6 services. Qwest argued that in order to build a cohesive service and customer base within Section 11,  
 7 Qwest's proposal is preferable to Staff's proposal to transition customers.

8 20. Based upon our Decision in Docket No. T-01051B-02-0535, et al., we will follow  
 9 Staff's recommendation regarding the current Qwest customers in section 11, except that Qwest shall  
 10 continue to serve the property located at 7095 E. Esteem Way, Prescott Valley, Arizona,<sup>2</sup> even if  
 11 there is a change in ownership at that address. Therefore, Qwest shall continue to provide service to  
 12 that address until the customer at that location chooses to discontinue Qwest's service.

### 13 Extended Area Service

14 21. Midvale asserts that public interest considerations support the establishment of EAS  
 15 between the New Service Area and Qwest's Prescott Exchange or Prescott Local Calling Area.<sup>3</sup>  
 16 Midvale is asking that the Commission require the provision of two-way EAS between Midvale's  
 17 Millsite Exchange, including the extension applied for in this case, and Qwest's Prescott Exchange or  
 18 Prescott Local Calling Area.

19 22. Commissions generally decide whether EAS should be implemented by conducting  
 20 analyses designed to determine whether a strong enough community of interest exists between  
 21 exchanges to warrant EAS. One commonly used definition of communities of interest is: contiguous  
 22 geographic areas which may be recognized as separate localities, but share common interests and services  
 23 with respect to government, schools, health services, public safety and emergency services, and retail  
 24 businesses. (P.U.R. Glossary for Utility Management, Public Utility Reports, Inc., Arlington,  
 25 Virginia, 1992.)

26 23. As a result of having visited the Millsite Exchange, Staff stated it was able to gain

27 <sup>2</sup> This property is referred to as the Hernandez family residence in Docket No. T-01051B-02-0535, et al.

28 <sup>3</sup> Qwest's Prescott Local Calling Area encompasses three exchanges in the Prescott area, namely the Prescott, Chino Valley and Humbolt Exchanges.

1 some perspective relative to the requests for EAS from residents of the area. The visits were  
2 particularly helpful in assessing the contiguity of the exchange with the City of Prescott and the  
3 common services. Staff found that it was not possible to complete cell phone calls from a number of  
4 locations within the proposed addition to the Millsite Exchange area.

5 24. The Commission has received approximately twenty letters from individuals that  
6 reside in the New Service Area, particularly from the Crossroads Ranch, and Crossroads Ranch,  
7 Phase II Developments. The letters indicate that the residents support Midvale's application to  
8 provide telecommunications services in the area and that two-way EAS should be implemented.  
9 Further, during the public comment session of the hearing, three individuals who live in the proposed  
10 service area stated that they are in support of Midvale's application and that EAS should be  
11 implemented.

12 25. Staff stated that the larger of the two areas of the New Service Area is approximately  
13 14.5 miles northwest of Prescott at its nearest boundary and approximately 23.5 miles northwest of  
14 Prescott at its furthest. Additionally, that area is about seven miles from Chino Valley and is  
15 contiguous to Qwest's Prescott and Chino Valley Exchanges (which has EAS calling into Prescott).  
16 Also, a portion of that proposed extension area is contiguous to Table Top's Inscription Canyon  
17 Ranch Exchange. The smaller area of the proposed CC&N extension is about 13.5 miles northeast of  
18 Prescott and is contiguous to Qwest's Prescott Exchange.

19 26. In determining whether a "community of interest" exists between the exchanges to  
20 warrant EAS, Staff determined the following:

- 21 (a) The community of interest includes the City of Prescott;
- 22 (b) There were no commercial entities in the proposed extension area. Residents must  
23 go to Chino Valley, Prescott Valley or Prescott, all of which are located in Qwest's  
24 Prescott Local Calling Area;
- 25 (c) There are no schools in the proposed extension area. Children must attend schools  
26 in the Prescott, Humbolt or Chino Valley School Districts, all of which are located  
27 in Qwest's Prescott Local Calling Area;
- 28 (d) The area is contiguous to areas that are currently being served by Qwest or Table

1 Top.

2 (e) A check of the Qwest Yellow Pages for the area reveals that the hospitals listed in  
3 the area are located in Prescott; and

4 (f) The main Yavapai County offices are located in Prescott.

5 27. Staff stated that had Qwest applied to extend service to the New Service Area,  
6 customers would have received the same local calling area privileges as afforded to customers that  
7 currently reside in Qwest's Prescott Local Calling Area. Staff stated this same calling scope can be  
8 provided by Midvale if it interconnects to the local tandem functionality of Qwest's Prescott switch.

9 28. Thus, in Staff's opinion, given the geographic relationship of the New Service Area to  
10 Qwest's Prescott Local Calling Area, this same local calling area should be provided to Midvale  
11 customers should the Commission approve Midvale's CC&N extension. Further, Staff stated that  
12 since two-way EAS between the New Service Area and Qwest's Prescott Local Calling Area cannot  
13 be efficiently provided without including the entirety of Midvale's Millsite Exchange, Staff  
14 recommended that the two-way EAS requirement be applicable to all of Midvale's Millsite  
15 Exchange.

16 29. Qwest has indicated that it believes that the calling area issues associated with  
17 unserved areas should be addressed industry wide in the pending EAS rulemaking proceeding.<sup>4</sup>  
18 However, if the Commission were to order that Midvale's Millsite Exchange be added to the local  
19 calling area, Qwest would require Midvale to provision a local trunk group to the Prescott local  
20 tandem and to enter into an EAS agreement. Qwest stated that each company would pay its  
21 respective facility costs to implement the EAS. Qwest also indicated that there might be additional  
22 costs that would be appropriate for Midvale to pay to Qwest. Should this be the case, Staff  
23 recommended that those issues be addressed through normal inter-company negotiations. Qwest  
24 does not oppose the establishment of two-way EAS service with Midvale for its Millsite Exchange as  
25 recommended by Staff. Qwest, however, would recommend the Commission set a specific deadline  
26 for establishment of EAS to provide the parties with sufficient notice, preferably six months, for  
27

28 <sup>4</sup> Docket No. T-00000J-02-0251.



1 completion of any EAS agreement with Midvale and related network provisioning.

2 30. Midvale has indicated that it believes two-way EAS can be offered from the Millsite  
3 Exchange to Qwest's Prescott Local Calling Area within six months of a Commission Order.

4 31. Regarding EAS, Staff recommended that:

5 (a) Midvale's Millsite Exchange be added to the Prescott Local Calling Area and two-  
6 way EAS be established between Midvale and Qwest; and

7 (b) Midvale establish two-way EAS with Table Top's Inscription Canyon Ranch  
8 Service Area.

9 32. At the hearing, Midvale argued that Qwest and Midvale should be jointly responsible  
10 for provisioning a local trunk group.

11 33. Both Table Top and Midvale currently have service areas that are contiguous to  
12 Qwest's Prescott Exchange.

13 34. Staff stated that in some instances, the service areas of Midvale and Table Top are  
14 located between a non-contiguous portion of Qwest's Prescott Exchange and the main body of the  
15 Prescott Exchange. However, Staff stated the local calling area for customers of the three companies  
16 vary significantly as determined from the data responses from the companies. Staff stated that for  
17 Qwest customers, the local calling area includes the communities of Prescott, Chino Valley and  
18 Humbolt. Staff stated that not only are the prefixes that are assigned to the Qwest offices included,  
19 but also prefixes assigned to approximately 15 wireless carriers and Competitive Local Exchange  
20 Carriers ("CLEC"). Staff stated Table Top customers have one-way EAS to Qwest prefixes only.  
21 Staff stated that Midvale customers do not have EAS.

22 35. Table Top's Inscription Canyon Ranch Exchange customers do not currently pay toll  
23 charges to call into Qwest's Prescott Local Calling Area, but do pay toll charges to areas served by  
24 the current Midvale Millsite Exchange. Staff stated that it believes that if EAS is granted for  
25 Midvale's expansion of its Millsite Exchange, it will probably not be long before Table Top's  
26 customers request EAS into the Midvale Exchanges, and two-way EAS with Qwest.

27 36. Staff stated that for reasons similar to its recommendation of two-way EAS service  
28 between Midvale and Qwest, Staff recommends that Midvale establish two-way EAS with Table



1 Top's Inscription Canyon Ranch Exchange, should the Commission approve Midvale's CC&N  
2 extension.

3 37. In its response to Staff's data requests, Table Top indicated that philosophically it  
4 supports the concept of EAS with the Prescott community. However, Table Top stated it is  
5 concerned with the possible loss of access revenue, a revenue requirement associated with the  
6 construction and maintenance of an EAS network, and the potential implementation costs.

7 38. Despite its concerns stated in its pleadings, Table Top requested that the Commission  
8 approve two-way EAS between Table Top and Qwest at the hearing.

9 39. For the EAS interconnection between Midvale and Table Top, Staff stated that those  
10 issues could be resolved through normal inter-company negotiations and entering into an  
11 Interconnection Agreement.

12 40. Initially, Staff stated that making a determination regarding the remaining differences  
13 in local calling area for customers of Table Top is outside the scope of this docket; however, Staff  
14 said it would be appropriate to address that issue in the next rate case or other appropriate filing made  
15 by Table Top. At the hearing, however, Staff stated it was also amenable to Table Top's request to  
16 establish two-way EAS between Table Top and Qwest.

17 41. On September 9, 2003, Midvale docketed a late-filed exhibit regarding the per-  
18 customer cost of EAS. The cost of EAS typically consists of two components. The first is a  
19 reduction in access charges associated with the conversion of toll routes to EAS. The second is the  
20 capital cost associated with implementing EAS.

21 42. In its filing, Midvale stated that because the Millsite Exchange is a new exchange, there is  
22 no actual call data, so the loss of access revenue can only be estimated. Midvale stated it estimated  
23 the loss of access revenue by using two separate methods. One method formulated an estimate based on  
24 actual access call data from the Cascabel and Young Exchanges. The other calculation took a study  
25 done of calling patterns between Midvale's Cascabel Exchange and Qwest's Benson Exchange.  
26 Midvale stated these methods yielded a per-month, per line average cost of lost access revenues of  
27  
28

1 \$10.45. Midvale stated that this calculation was reviewed by Staff in the Granite Mountain case<sup>5</sup> and  
2 was found to be a reasonable estimate of the loss of access revenue for Midvale.

3 43. In order to implement two-way EAS, Midvale stated it must make additional capital  
4 investments. Midvale stated that at full build-out the total capital cost of deploying EAS for 529  
5 subscribers in the Millsite Exchange is estimated to be \$108,400. Millsite stated that it estimated that  
6 the additional per-month cost to those 529 customers would be approximately \$2.05.

7 44. Although Midvale is not proposing to assess an EAS surcharge at this time, the  
8 Company estimated that the \$2.05 per month capital cost, combined with the \$10.45 per line in lost  
9 access revenue, would produce a total monthly EAS cost per access line for the Millsite Exchange of  
10 \$12.50. The residential rate for Midvale customers for one line of service in the Millsite Exchange is  
11 currently \$24.00 per month.

12 45. Midvale indicated that it has no objection to providing EAS service with no change in  
13 its tariff rates. Therefore, customers would not initially be assessed additional charges for EAS  
14 calling privileges. However, Midvale indicated that implementation of EAS will ultimately result in  
15 a rate case filing to recover those costs.

16 46. Karen Williams testified that Midvale predicts it will take a couple of years for it to  
17 break even financially if it provides service to the New Service Area. Midvale provided projected  
18 five-year operating statements, assuming that EAS would be implemented and assuming that EAS  
19 would not be implemented. Midvale projects that it would "realize a positive contribution" in 2006,  
20 the first full year of operations, of \$43,584, if EAS is not implemented, versus a contribution of  
21 \$15,142, if EAS is implemented. The annual difference in revenue is \$28,442.

22 47. Midvale stated that it believes that it is possible to provide EAS between Millsite and  
23 Table Top's Inscription Canyon Ranch Exchange at little or no cost, provided Qwest can supply the  
24 necessary interconnection facilities. Midvale indicated that the costs are minimal because its initial  
25 estimate of the necessary facilities for EAS with Qwest will not be affected by the minor increase in  
26 EAS traffic with Table Top customers. Midvale stated that its assumptions are based upon Qwest  
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28 <sup>5</sup> Decision No. 66171 (August 13, 2003).

1 providing the necessary trunking facilities between Qwest and Table Top, which Midvale indicated  
2 was a debatable assumption. Midvale stated that it cannot reliably estimate the cost of EAS with  
3 Table Top if such facilities are not available because it would require a detailed engineering study to  
4 determine the cost of direct interconnection between the two companies.

5 48. Federal Communications Commission ("FCC") rules<sup>6</sup> do not allow for numbers to be  
6 ported between ILEC rate centers. Therefore, in the event it is determined that customers of Midvale,  
7 Table Top and Qwest should have the same Local Calling Area, customers who move between  
8 service areas of the three respective ILECs (Midvale, Qwest and Table Top) will not be able to retain  
9 their telephone numbers.

10 49. We find that, at this time, the record is insufficient in this matter to approve two-way  
11 EAS between Midvale, Table Top and Qwest. We further find that the EAS portion of Midvale's  
12 application, and Table Top's similar request, should be set for another hearing.

13 50. Although Midvale's late-filed exhibit answers some of the cost questions associated  
14 with EAS, those figures, specifically the capital costs, have not been reviewed by Staff or the other  
15 parties in this case.

16 51. Further, the financial impact on the customers of Table Top and Qwest, if EAS is  
17 approved between Midvale, Table Top and Qwest, was not addressed during the hearing or through  
18 late-filed exhibits.

19 52. Moreover, although the Commission has received some letters and public comment  
20 from potential Midvale customers in support of EAS, those comments and letters were made before  
21 Midvale estimated that EAS implementation may result in additional costs to customers.

22 53. We find that the willingness of a substantial majority of the customers to pay the  
23 appropriate rates and charges is a basic and necessary condition to the institution of EAS. The  
24 demands of a few subscribers should not be the basis for instituting more costly telephone service  
25 contrary to the wishes of a majority of the customers. Therefore, in cases where EAS is requested,  
26 but where, as a result, customers' rates may increase, a poll of the customers in the requesting  
27

28 <sup>6</sup> *In the Matter of Telephone Number Portability*, Docket No. 95-116, Report and Order, (Rel. August 18, 1997)  
("Second Report and Order").

1 exchange should be required.

2       54. The Commission has received positive input regarding the implementation of two-way  
3 EAS from approximately 10 to 15 percent of Midvale's potential customer base in the New Service  
4 Area. While 10 to 15 percent does not constitute a substantial majority, it is clear from the record  
5 that the remaining 85 to 90 percent of the individuals that reside in the New Service Area have not  
6 been polled regarding two-way EAS. After reliable cost data is determined by the parties (as  
7 described below), Midvale and Table Top should be required to conduct poll(s), in a format approved  
8 by Staff, of their current and potential customers regarding the desire of those customers to  
9 financially support the implementation of two-way EAS.

10       55. The Commission has not received any letters or public comment from Table Top's  
11 customers in support of two-way EAS.

12       56. Qwest was not present at the hearing to formally state its position regarding  
13 establishing two-way EAS with Table Top.

14       57. Although we recently approved EAS for Midvale's Granite Mountain Exchange in  
15 Decision No. 66171 (August 13, 2003), there are enough significant differences that distinguish that  
16 case and the present matter including, but not limited to: the presence of multiple ILECs; the  
17 suggestion that per month capital charges may apply; the lack of information regarding Midvale's  
18 and Table Top's costs and their customers' desire to pay for two-way EAS; the lack of notice to  
19 Midvale's, Table Top's and Qwest's customers that EAS may be implemented and its potential rate  
20 impact; and the unique geographical relationship of Granite Mountain Exchange to the Phoenix local  
21 calling area. Therefore, setting this matter for additional hearings is appropriate.

22       58. Before approving two-way EAS in this matter, the Commission needs, at a minimum,  
23 evidence of: (a) the community of interest between Midvale and Table Top and Qwest's Prescott Local  
24 Calling Area; (b) the costs associated with providing two-way EAS between Qwest and Midvale, Qwest  
25 and Table Top and Midvale and Table Top (c) the financial impact on the customers of Midvale,  
26 Table Top and Qwest if two-way EAS is ordered; and (d) most importantly, that a substantial  
27 majority of the present and future customers of Midvale, and the customers of Table Top, understand  
28 the potential rate impacts of establishing two-way EAS and support it.

59. Therefore, the EAS portion of Midvale's application and Table Top's request for two-way EAS should be set for further hearings to make the necessary findings.

### CONCLUSIONS OF LAW

1. Midvale is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2. The Commission has jurisdiction over Midvale and the subject matter of the application.

3. Notice of the CC&N extension application was provided in accordance with the law. However, notice of the EAS request was not publicly noticed to customers.

4. There is a public need and necessity for local telephone exchange service in the proposed extension area.

5. Midvale is a fit and proper entity to receive an extension of its Certificate.

6. Staff's recommendations in Findings of Fact Nos. 16 and 17 are reasonable, except as amended in Findings of Fact No. 20.

7. A decision regarding Midvale's and Table Top's request for two-way EAS should be deferred, and a hearing should be set for the purposes of eliciting further testimony and exhibits.

### ORDER

IT IS THEREFORE ORDERED that the application of Midvale Telephone Exchange, Inc. to extend its existing Certificate of Convenience and Necessity, as described in Exhibit A, be and hereby is granted.

IT IS FURTHER ORDERED that Midvale Telephone Exchange, Inc. shall charge its existing rates and charges in the extension area until further Order of the Commission.

IT IS FURTHER ORDERED that Staff's recommendations set forth in Findings of Fact No. 17 above are hereby adopted, except as amended in Findings of Fact No. 20.

IT IS FURTHER ORDERED that Midvale Telephone Exchange, Inc. shall comply with the adopted Staff recommendations as set forth in Findings of Fact No. 17 above, except as amended by Findings of Fact No. 20.

IT IS FURTHER ORDERED that if Midvale Telephone Exchange, Inc. fails to meet the

1 timeframes outlined in Findings of Fact No. 17 above that the Certificate conditionally granted herein  
2 shall become null and void without further Order of the Commission.

3 IT IS FURTHER ORDERED that Qwest shall continue to provide service to the  
4 aforementioned customers in Section 11 until a customer requests discontinuation of Qwest service at  
5 a service address or upon a change of ownership of the property, and then any future service at such  
6 address will be provided by Midvale, except that Qwest shall continue to serve the property located at  
7 7095 E. Esteem Way, Prescott Valley, Arizona, even if there is a change in ownership at that address.  
8 Qwest shall continue to provide service to that address until the customer at that location chooses to  
9 discontinue Qwest's service.

10 IT IS FURTHER ORDERED that the EAS portion of Midvale's application and Table Top's  
11 request for two-way EAS shall be set for additional hearings to determine the necessary findings as  
12 described above.

13 IT IS FURTHER ORDERED that Qwest, Midvale and Table Top shall submit the necessary  
14 documentation to Staff so that Staff can evaluate the costs associated with implementing two-way  
15 EAS within 30 days of the date of this Decision.

16 IT IS FURTHER ORDERED that Staff shall evaluate the information produced by Qwest,  
17 Midvale and Table Top and make a filing that states its recommendations regarding the costs and  
18 capital recovery associated with the implementation of two-way EAS within 60 days of the date of  
19 this Decision.

20 IT IS FURTHER ORDERED that, once reliable cost data is determined by the parties,  
21 Midvale and Table Top shall poll their current and potential customers, in a format approved by  
22 Staff, to determine if those customers would be willing to bear the increased financial burden  
23 necessary, either in the form of an immediate monthly charge or at some time in the future after a rate  
24 case has been approved, to support two-way EAS service to each other's exchange and to Qwest's  
25 Local Calling Area, and file an affidavit stating the results of those polls with Docket Control within  
26 90 days of the date of this Decision.


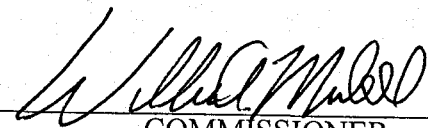

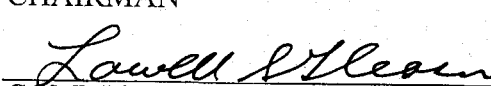

27 IT IS FURTHER ORDERED that Staff shall file an additional Staff Report in this matter that,  
28 at a minimum, addresses the issues of: (a) the community of interest between Midvale, Table Top and

1 Qwest's Prescott Local Calling Area; (b) the costs associated with providing two-way EAS between  
 2 Qwest and Midvale, Qwest and Table Top and Midvale and Table Top (c) the financial impact on the  
 3 customers of Midvale, Table Top and Qwest if two-way EAS is ordered; (d) its recommendation as to  
 4 how costs of EAS should be collected; and (e) whether a substantial majority of the present and future  
 5 customers of Midvale, and the customers of Table Top, understand the potential impact of establishing  
 6 two-way EAS and support it, within 120 days of the date of this Decision.

7 IT IS FURTHER ORDERED that if Midvale or Table Top fails to comply with the above  
 8 filing timeframes, then their respective request(s) for two-way EAS will be dismissed without further  
 9 order of the Commission and this docket will be administratively closed.

10 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

12  
 13     
 14 CHAIRMAN COMMISSIONER COMMISSIONER  
 15    
 16 COMMISSIONER COMMISSIONER

17 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
 18 Secretary of the Arizona Corporation Commission, have  
 19 hereunto set my hand and caused the official seal of the  
 20 Commission to be affixed at the Capitol, in the City of Phoenix,  
 21 this 10<sup>th</sup> day of November, 2003.

22   
 23 BRIAN C. McNEIL  
 24 EXECUTIVE SECRETARY

25 DISSENT \_\_\_\_\_

26 DISSENT \_\_\_\_\_



1 SERVICE LIST FOR: MIDVALE TELEPHONE EXCHANGE SERVICE, INC.

2 DOCKET NO. T-02532A-03-0017

3  
4 Lane R. Williams  
Midvale Telephone Exchange, Inc.  
P.O. Box 7  
5 Midvale, ID 83645

6 Ms. Ann Hobart  
7 Brown & Bain PA  
PO Box 400  
8 Phoenix, AZ 85011-0400

9 Conley E. Ward  
Cynthia A. Melillo  
10 GIVENS PURSLEY, LLP  
277 North 6<sup>th</sup> Street, Ste. 200  
11 P.O. Box 2720  
Boise, ID 83701

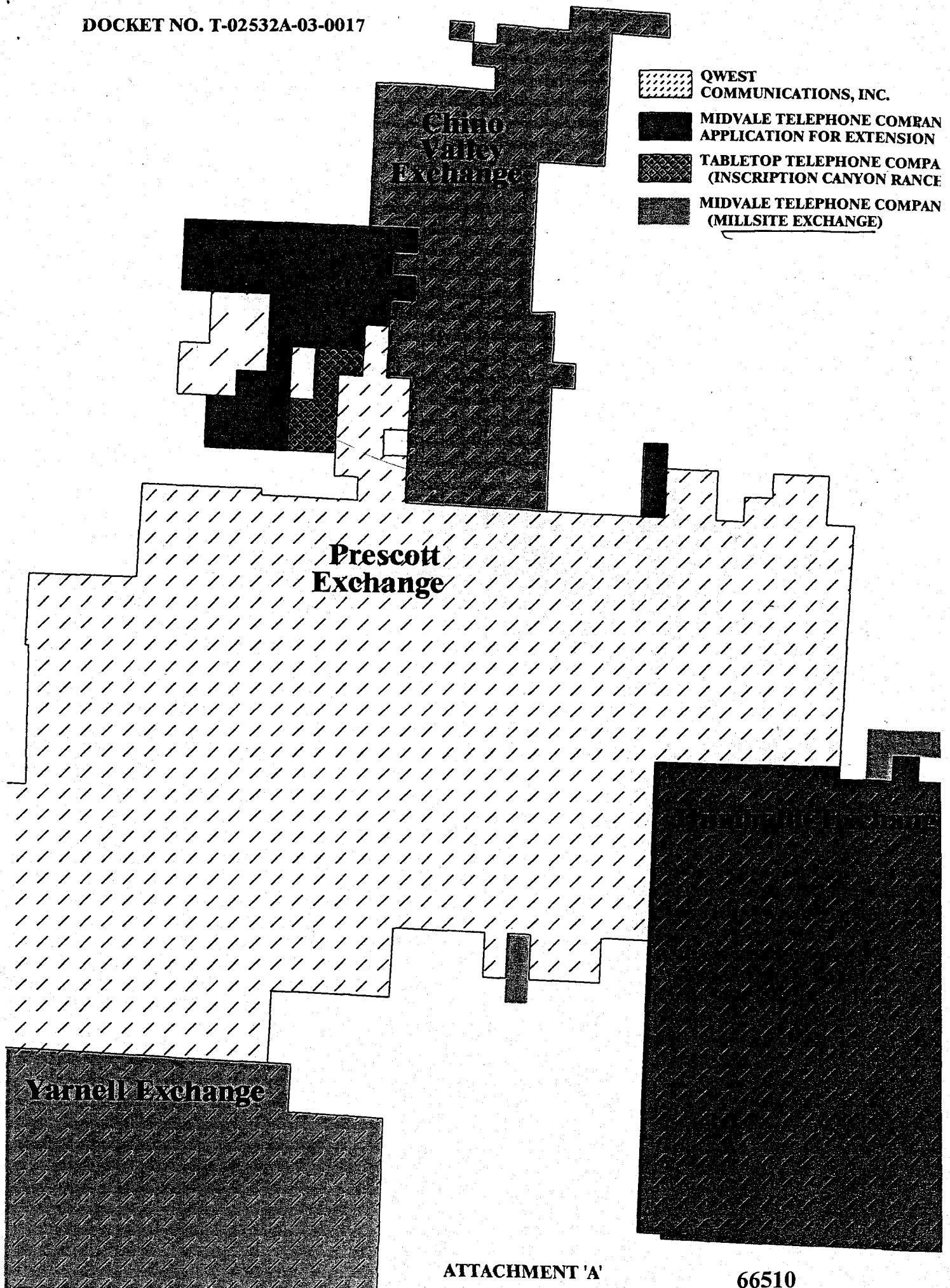
12 Joe F. Tarver  
13 2960 N. Swan Road, Ste. 300  
Tucson, AZ 85712-1292

14 John Hayes, General Manager  
15 Table Top Telephone Company, Inc.  
600 North Second Avenue  
16 Ajo, AZ 85321

17 Timothy Berg  
Theresa Dwyer  
18 Darcy Renfro  
FENNEMORE CRAIG  
19 3003 North Central Avenue, Ste. 2600  
Phoenix, AZ 85012  
20 Attorneys for Qwest Corporation

21 Christopher Kempley, Chief Counsel  
Legal Division  
22 ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
23 Phoenix, Arizona 85007

24 Ernest Johnson, Director  
Utilities Division  
25 ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
26 Phoenix, Arizona 85007



## Legal Description for Crossroads area of the Millsite Exchange

### Crossroads subdivisions and Long Meadow subdivision

Beginning at the southwest corner of Section 35, T16N, R4W of the Gila and Salt River Base and Meridian, Yavapai County, Arizona;

Thence, North to the northwest corner of Section 26, T16N, R4W;  
Thence, East to the northwest corner of Section 25, T16N, R4W;  
Thence, North to the northwest corner of Section 24, T16N, R4W;  
Thence, East to the northwest corner of Section 19, T16N, R3W;  
Thence, North to the northwest corner of Section 6, T16N, R3W;  
Thence, West to the southwest corner of Section 34, T17N, R4W;  
Thence, North to the northwest corner of Section 22, T17N, R4W;  
Thence, East to the northeast corner of Section 24, T17N, R3W;  
Thence, South to the southeast corner of Section 24, T17N, R3W;  
Thence, West to the southwest corner of Section 24, T17N, R3W;  
Thence, South to the northwest corner of Section 36, T17N, R3W;  
Thence, East to the northeast corner of Section 36, T17N, R3W;  
Thence, South to the southeast corner of Section 36, T17N, R3W;  
Thence, West to the southeast corner of Section 35, T17N, R3W;  
Thence, South to the southeast corner of Section 2, T16N, R3W;  
Thence, West to the southeast corner of Section 3, T16N, R3W;  
Thence, South to the southeast corner of Section 10, T16N, R3W;  
Thence, West to the southeast corner of Section 7, T16N, R3W;  
Thence, South to the southeast corner of Section 31, T16N, R3W;

Thence, West to the beginning point being southwest corner of Section 35, T16N, R4W of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

# Legal Description for Poquito Valley of the Millsite Exchange

## Poquito Valley subdivision and Antelope Meadows subdivision

Beginning at the southwest corner of Section 11, T15N, R1W of the Gila and Salt River Base and Meridian, Yavapai County, Arizona;

Thence, North to the northwest corner of Section 35, T16N, R1W;

Thence, East to the northeast corner of Section 35, T16N; R1W;

Thence, South to the southeast corner of Section 11, T15N, R1W;

Thence, West to the beginning point being southwest corner of Section 11, T15N, R1W of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.